

MINUTE ITEM

5. COOPERATIVE AGREEMENT, WATER INJECTION, FAULT BLOCK I (RANGER ZONE), WILMINGTON OIL FIELD - L.B.W.O. 10 109.

After consideration of Calendar Item 3 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION -

1. FINDS:

- A. THAT THE ENTERING INTO AND THE PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS "COOPERATIVE AGREEMENT--FAULT BLOCK I (RANGER ZONE)", WILMINGTON OIL FIELD, BETWEEN THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, AND ATLANTIC OIL COMPANY, MADE AND ENTERED INTO ON THE 15TH DAY OF OCTOBER 1959 INCLUDING THE ADDENDUM THERETO, IS IN THE PUBLIC INTEREST;
- B. THAT AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH AGREEMENT IN ITS AMENDED FORM PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- C. THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.

2. APPROVES SAID AGREEMENT SUBJECT TO THE EXPRESS CONDITIONS HEREINAFTER SET FORTH:

- A. THAT THE ADDENDUM TO THE COOPERATIVE AGREEMENT--FAULT BLOCK I (RANGER ZONE) IS DULY EXECUTED BY THE PARTIES TO THE ORIGINAL COOPERATIVE AGREEMENT;
- B. THAT THOSE PARTIES WHO HERETOFORE HAVE EXECUTED RELEASES FROM POSSIBLE LIABILITY SIGN AND FILE OR CAUSE TO BE FILED WITH THE COMMISSION THEIR WRITTEN CONSENT TO THE AMENDMENTS CONTAINED IN THE AFORESAID ADDENDUM; THAT A SIMILAR RELEASE FROM POSSIBLE LIABILITY BE EXECUTED BY LOCKWIN OIL & GAS CO., AND BE FILED WITH THE COMMISSION;
- C. THAT THE CITY OF LOS ANGELES IN CONSENTING TO AND APPROVING THE EXECUTION OF SAID COOPERATIVE AGREEMENT INCLUDING THE ADDENDUM THERETO MAKE THE DETERMINATION REQUIRED BY PUBLIC RESOURCES CODE SECTION 6879, NAMELY, THAT THIS COOPERATIVE AGREEMENT IN ITS AMENDED FORM IS IN THE INTEREST OF INCREASING THE ULTIMATE RECOVERY OF OIL OR GAS FROM SUCH LAND, OR OF THE PROTECTION OF OIL OR GAS IN SAID LANDS FROM UNREASONABLE WASTE, OR THAT THE SUBSIDENCE OR SINKING OF SUCH LANDS AND ABUTTING LANDS MAY POSSIBLY BE ARRESTED OR AMELIORATED THEREBY;

D. ~~THAT ATLANTIC OIL COMPANY HEREBY IS LIMITED UNDER SAID AGREE-~~  
MENT TO WATER INJECTION ONLY INTO THE RANGER ZONE IN FAULT  
BLOCK I OF THE ATLANTIC LANDS COVERED BY THIS AGREEMENT; AND  
THAT UNION PACIFIC RAILROAD COMPANY HEREBY IS LIMITED UNDER  
SAID AGREEMENT TO WATER INJECTION ONLY INTO THE RANGER AND UPPER  
TERMINAL ZONES IN FAULT BLOCK I OF THE UNION PACIFIC LANDS  
COVERED BY THIS AGREEMENT.

Attachment

Calendar Item 3 (3 pages)

COOPERATIVE AGREEMENT, WATER INJECTION, FAULT BLOCK I (RANGER ZONE),  
WILMINGTON OIL FIELD - L.B.W.O. 10,109.

In accordance with the provisions of Section 6879 of the Public Resources Code, the Board of Harbor Commissioners of the City of Los Angeles has submitted a proposed cooperative agreement, Fault Block I (Ranger Zone), and addendum thereto, by and between the Los Angeles and Salt Lake Railroad Company and its lessee, Union Pacific Railroad Company, and the Atlantic Oil Company for the State Lands Commission determination required under Section 6879 P.R.C., and for the consent required under Section 7060(b) P.R.C.

Granted tidelands of the City of Los Angeles are by charter under the management, supervision and control of the Los Angeles Board of Harbor Commissioners. These lands are included in the subject cooperative agreement, which provides for water injection into producing zones in Fault Block I, Wilmington Oil Field.

The agreement provides for the conversion of one well by Union Pacific and two wells by Atlantic, bottomed in the Ranger Zone, Fault Block I, into water injection wells. Subsequent to completion of injection wells, injection operations are to be under the control of the respective operators. The agreement further cites that each operator may drill additional injection wells or convert additional production wells for water injection purposes without the consent of the other party. However, prior approval must be obtained from the State Oil and Gas Supervisor, as required by statute. The agreement releases each party from liability due to water injection, but assumes no liability for damage to other operators. Release agreements for damage due to water injection into the Ranger Zone have been executed by operators of properties in Fault Block I adjoining the initial injection locations.

The purpose of the agreement is to provide for expanding water-flood operations to the north of the Long Beach-Los Angeles boundary line. It will be necessary to coordinate water injection under this agreement with water injection operations to be conducted in the Ranger Zone in Fault Block II, which is an essential part of the program for repressuring the critical Navy shipyard area.

On January 25, 1960, the Board of Harbor Commissioners of the City of Los Angeles submitted an addendum to the cooperative agreement and a form of resolution by the City of Los Angeles consenting to and approving the execution of the cooperative agreement and addendum thereto. The addendum also modified the release provision of Section 5 of the agreement as to damage caused due to water injection by the substitution of "any zone underlying Union Pacific or Atlantic land" for the "Ranger Zone". As of the present time, the addendum has not been executed by the parties, nor has the resolution been executed by the City. In addition, it will be necessary to secure written consent to these amendments by the lessees of

CALENDAR ITEM 3. (CONTD.)

adjoining property in Fault Block I.

It is the opinion of the office of the Attorney General that:

1. The cooperative agreement and the addendum thereto contain the provisions of Section 6879 of the Public Resources Code.
2. The agreement may be approved conditionally by the State Lands Commission.
3. Approval under Section 6879 P.R.C. will satisfy the requirements of Section 7058 and also 7060(b) of the P.R.C., assuming said Section 7060(b) to be applicable.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE ENTERING INTO AND THE PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS "COOPERATIVE AGREEMENT--FAULT BLOCK I (RANGER ZONE)", WILMINGTON OIL FIELD, BETWEEN THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, AND ATLANTIC OIL COMPANY, MADE AND ENTERED INTO ON THE 15TH DAY OF OCTOBER 1959 INCLUDING THE ADDENDUM THERETO, IS IN THE PUBLIC INTEREST;
- B. THAT AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH AGREEMENT IN ITS AMENDED FORM PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- C. THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.

2. APPROVE SAID AGREEMENT SUBJECT TO THE EXPRESS CONDITIONS HEREINAFTER SET FORTH:

- A. THAT THE ADDENDUM TO THE COOPERATIVE AGREEMENT--FAULT BLOCK I (RANGER ZONE) IS DULY EXECUTED BY THE PARTIES TO THE ORIGINAL COOPERATIVE AGREEMENT;
- B. THAT THOSE PARTIES WHO HERETOFORE HAVE EXECUTED RELEASES FROM POSSIBLE LIABILITY SIGN AND FILE OR CAUSE TO BE FILED WITH THE COMMISSION THEIR WRITTEN CONSENT TO THE AMENDMENTS CONTAINED IN THE AFORESAID ADDENDUM; THAT A SIMILAR RELEASE FROM POSSIBLE LIABILITY BE EXECUTED BY LOCKWIN OIL & GAS CO., AND BE FILED WITH THE COMMISSION;
- C. THAT THE CITY OF LOS ANGELES IN CONSENTING TO AND APPROVING THE EXECUTION OF SAID COOPERATIVE AGREEMENT INCLUDING THE ADDENDUM THERETO MAKE THE DETERMINATION REQUIRED BY PUBLIC RESOURCES CODE SECTION 6879, NAMELY, THAT THIS COOPERATIVE AGREEMENT IN ITS

CALENDAR ITEM 3. (CONTD.)

AMENDED FORM IS IN THE INTEREST OF INCREASING THE ULTIMATE RECOVERY OF OIL OR GAS FROM SUCH LAND, OR OF THE PROTECTION OF OIL OR GAS IN SAID LANDS FROM UNREASONABLE WASTE, OR THAT THE SUBSIDENCE OR SINKING OF SUCH LANDS AND ABUTTING LANDS MAY POSSIBLY BE ARRESTED OR AMELIORATED THEREBY;

- D. THAT ATLANTIC OIL COMPANY HEREBY IS LIMITED UNDER SAID AGREEMENT TO WATER INJECTION ONLY INTO THE RANGER ZONE IN FAULT BLOCK I OF THE ATLANTIC LANDS COVERED BY THIS AGREEMENT; AND THAT UNION PACIFIC RAILROAD COMPANY HEREBY IS LIMITED UNDER SAID AGREEMENT TO WATER INJECTION ONLY INTO THE RANGER AND UPPER TERMINAL ZONES IN FAULT BLOCK I OF THE UNION PACIFIC LANDS COVERED BY THIS AGREEMENT.